

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY 323rd
MEETING OF THE BOARD OF COMMISSIONERS December 23, 2008**

A meeting of the Board of Commissioners of the Rhode Island Convention Center Authority (hereinafter referred to as "Authority", the "CCA" or the "Board") was held on December 23, 2008 at 9:00 a.m. pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were Chairman, David A. Duffy, Commissioners, Jeff Hirsh, Patrick Butler, Dave Gavitt, Bernie Buonanno, George Nee, Bill Daugherty and Paul MacDonald.

Ms. Venturini and Mr. Fowler were unable to attend.

Also present were James P. McCarvill, Executive Director, Betty Sullivan, Kim Keough and Ken Mancuso, Rhode Island Convention Center Authority; Bruce Leach, Legal Counsel; Martha Sheridan, PWCVB; Tim Muldoon, Deb Tuton, and Nancy Beauchamp, SMG/RICC; Larry Lepore, Cheryl Cohen, Lisa Coelho, Jodi Duclos and Eleanor SanAntonio, SMG/DDC; Steve Habi, VMA; Tom Crocker, Sportservice, and Eileen Smith, Recording Secretary. CALL TO ORDER

Recognizing a quorum, Chairman Duffy called the meeting to order at 9:10 a.m.

APPROVAL OF MINUTES

Chairman Duffy entertained a motion to accept the minutes of the 322nd meeting, November, 2008. Upon a motion duly made by Mr. Buonanno and seconded by Mr. Daugherty it was unanimously VOTED: to approve the minutes as distributed

Mr. Duffy announced that the next meeting would be held on Thursday, January 29th at 9:00 AM. Mr. Duffy also noted the inclusion of the annual meeting schedule with today's package.

Chairman Duffy instructed the Authority office to send the approved minutes to the Secretary of State's Office via electronic mail.

Mr. Duffy reported that he would be traveling in January and that Mr. MacDonald would be chairing the meeting.

Mr. Duffy asked Mr. McCarvill to present the consolidated financial review. Mr. McCarvill reported that for the month of November, Convention Center net income was (\$189,570) to budget but and positive \$45,734 to the prior year. Mr. McCarvill noted that the negative variance in net income for the month was the result of lower attendance at events and parking revenue. Mr. McCarvill noted that Year to Date Net Income was (\$161,638) to budget and (\$531,365) to the previous year. He said that the unfavorable variance in net income is the result of November numbers falling short of expectations. Mr. McCarvill referred to the last page of the Convention

Center's income statement. He brought to the Board's attention a change in the accounting format that directly applies expenses to appropriate event. Mr. McCarvill reported that for the month of November the Dunkin' Donuts Center net income was positive \$147,041 to budget and \$345,824 to the prior year. Mr. McCarvill noted that the favorable variance is attributed to rental and service income for two concerts, WWE, Boxing and Cheedleading and additional Providence Bruins games. Mr. McCarvill stated that Year to Date Net Income was (\$57,221) to budget and (\$68,680) to the previous year. He said that low attendance for events contributed to the unfavorable variance although the variance has improved significantly from October. Mr. McCarvill reported that net income for the Convention Center Authority for the month of November was (\$427,836) to budget and (\$612,907) to the prior year. Year to Date Net Income was (\$773,951) to budget and (\$99,431) to the prior year. Mr. McCarvill stated that consolidated net income for the month of November was (\$470,364) to budget and (\$221,349) to the prior year. Year to Date Net Income was (\$992,803) to budget and (\$699,471) to the prior year. Mr. McCarvill noted that the VMA net income for the month of October is \$7,123 to budget and year to date net income is \$33,195 to budget.

Mr. Duffy asked Mr. McCarvill to explain the situation with our bonds. Mr. McCarvill reported that our bond insurer MBIA has been downgraded. Mr. McCarvill said that as a result our \$59 million in outstanding variable rate bonds are not marketable. Mr. McCarvill

noted that in 2001, because of the financial climate the State saw an opportunity for the Authority to refund some of their debt into variable rate debt obligation and generate an up front payment of \$8.2 million which was transferred to the State. Mr. McCarvill said that the present financial situation has put us in a very bad position. He noted that AMBAC has also been downgraded. This is significant because an AMBAC surety was purchased in 1998 to replace cash reserves that were also transferred to the State. Due to the downgrade the surety is no longer an acceptable vehicle for our reserves. Mr. McCarvill said that we need to find a letter of credit. Mr. Daugherty asked who would provide that letter. Mr. McCarvill responded that an RFP has been issued to find a bank willing to issue a letter of credit and several well regarded banks are expected to respond. Mr. McCarvill stated that a termination payment will be required to get out of the Swap. Mr. McCarvill reported that Dexia now holds the bonds. Conversations ensued regarding our options. Mr. Duffy assured the Commissioners that the problem is not of our making but caused by the economic situation that we are facing. Mr. Duffy said that the Budget Office and the Treasurer's Office have not placed blame because they asked us to do it. Mr. McCarvill said that we are stuck with this issue and hope that after the New Year things will improve. Mr. Buonanno asked what we are paying. Mr. McCarvill answered approximately 8%.

Mr. McCarvill reported on another financial issue. He said that the IRS is examining to 2001 A Series "as a rather routine matter" for

compliance with all relevant regulations.

Mr. Duffy reported that the Legislature will consider expanding the sales tax. Mr. Duffy said that we will lobby against the sales tax expansion pertaining to ticketed events.

DUNKIN' DONUTS CENTER

Mr. Buonanno reported that the Dunkin' Donuts Center Committee had met on Tuesday. He asked Mr. Lepore to address the Board. Mr. Lepore reported that the Dunkin' Donuts Center had a very good November. He said that operations are being streamlined. Mr. Lepore said that by not moving the risers during changeovers our labor costs will be reduced significantly. Mr. Lepore reported that Midget Car Racing will be held in the arena the weekend following Monster Trucks. Mr. Lepore was sorry to report that the High School Basketball Championship games will be staying at the Ryan Center. On the concert front a new promoter, Bill Rogers, is promoting Barry Manilow. Mr. Lepore said that Live Nation and AEG both backed out. Mr. Butler asked what the promoter will need to get out without huge losses. Mr. Lepore said that 6,000 tickets and right now we are at 4,000. Mr. Lepore said that we will find a way to make it work. Mr. McCarvill noted that at this time being a ticket re-seller is not where you want to be as few events are selling out anywhere. Mr. Lepore

noted that Cirque de Soleil is scheduled for July 4th which is not my choice of dates. Mr. Lepore said that Walking with Dinosaurs will be here in 2010 and Spirit of America in September of 2009.

Mr. Buonanno asked Mr. McCarvill to bring the Board up to date on the War Memorial. Mr. McCarvill reported that the site for the memorial is under renovation. He said that the plans for the site have been completed and the memorial should be in place for Memorial Day. Mr. Leach said that he is working on liability insurance issues. Mr. Duffy noted that the Medal of Honor Wall will be installed at the Veterans Cemetery in Exeter.

Mr. McCarvill reported that we continue to work with RISCA on the Public Art piece. He said that the artists will visit the site on January 9th which will help them to design something compatible with the environment. Mr. Gavitt asked if he was the only one that has an issue with this. Mr. Duffy replied that Public Art is required by State law.

Mr. Butler asked how we were doing with naming rights. Mr. Duffy said that because of the economy corporations are pulling out of naming rights deals. He said that the contract with Dunkin' Donuts expires in 2011 and we will put consideration of issuing an RFP on hold.

Mr. Buonanno asked Ms. Sullivan to give a quick report on the

restaurant. Ms. Sullivan stated that the restaurant is being re-branded. She said that the new menu will be in place on December 31st. She also said that signage will be prominently placed in the lobby and include the day's menu.

CONVENTION CENTER COMMITTEE

Mr. Hirsh reported that the Convention Center Committee had met on Tuesday. He said that Mr. Muldoon and the Convention Center staff have been cutting costs wherever possible and working hard to attract new business. Mr. Muldoon reported that a new opportunity had presented itself when APC asked us to cater a party at the Bank of America Skating Rink. He said that the event was successful and the sales team is reaching out to current clients to make them aware that we now offer off site catering. Mr. Muldoon said that a letter and a brochure will be sent to existing clients that might have some interest. Mr. Duffy asked what the reaction will be from local commercial caterers. Mr. Muldoon said that they are not likely to be pleased but we will work with our current clients and not attempt to compete with local catering businesses. Mr. Duffy asked if the Convention Center had the equipment necessary to cater off site events. Mr. Muldoon said that they do not but would wait to see if this takes off before investing in equipment. Mr. Muldoon reported that because of the very successful Fidelity event two new pieces of business were booked for the facility. He said that there was excellent feedback for the Fidelity event. Mr. Muldoon noted that

Kathy Masino and her staff are working on new menus, looking at the pricing of items and creating new visuals for Food & Beverage. Mr. Muldoon reported that everyone is looking at opportunities to save energy. He noted that the building is using the generator more often. Mr. Duffy inquired about the state of the facility and if enough is being put into repair and maintenance. Mr. Muldoon said that preventive maintenance continues to be done but that costs will rise as the building gets older.

Mr. Duffy informed the Board that the flag was lowered on the facility out of respect for former Rhode Island Convention Center Authority Chairman, Richard Oster. He noted that Mr. Oster was responsible for the Convention Center and that a Ballroom was named for him in the past.

Mr. MacDonald said that he understood that SMG Corporate has reduced benefits for SMG employees. Mr. Muldoon said that unfortunately it was necessary to freeze 401k contributions and raise the co-pay for health insurance from 20% to 25%. Mr. MacDonald asked if SMG Corporate is making up for other facilities that are not profitable. He said that our people work very hard in this building. Mr. MacDonald said that we have been loyal to SMG and we want them to be loyal to their employees. Mr. Muldoon responded that because of the economy costs of benefits had to be addressed. Mr. Muldoon said that hopefully this is a temporary situation. He said that we are not making up for other facilities.

VMA

Mr. Daugherty asked Mr. Habi to update the Board on the VMA. Mr. Habi stated that the events at the theater went well despite the shortcomings of the restrooms, heat and food & beverage points of sale. Mr. Habi noted that customer surveys have been distributed and the feedback has been mostly positive. Mr. Habi reported that the First Church of Christ had booked the facility for New Year's Eve and a large crowd is expected. Mr. Habi said that in the spirit of being a good neighbor complimentary Messiah tickets were given to the Church next door. Mr. Habi reported on a tentative event with Hasbro that will occupy the Renaissance Hotel and the Theater for a full week. He said that the VMA as well as PPAC is being very cautious about booking one night acts. Mr. MacDonald asked what food & beverage is offered at the Theater. Mr. Habi said that beer, wine, soft drinks, candy and cookies are sold at two locations. Mr. Habi reported that at the present time there is a boiler that is not operational. Mr. Duffy said that the entire Board is impressed with what you have been able to do with nothing.

MARKETING COMMITTEE

Mr. Duffy reported that Ms. Venturini had broken her foot while receiving an award and therefore is not able to attend this meeting.

Martha Sheridan thanked Mr. Duffy for arranging a meeting with Dr. Dowling and Dr. Wing. She reported that the CVB would be addressing a Department Heads meeting at Brown to explain the ambassador program. Ms. Sheridan said that she will meet with Laurie White of the Chamber of Commerce and solicit the assistance of the Chamber. Ms. Sheridan also said that Mark Brodner of Rhode Island Tourism will also be working with the CVB. Ms. Sheridan noted some successes with the Ambassador program. Mr. Duffy had arranged a meeting with Dr. Dowling and through him an introduction to Dr. Wing. Ms. Sheridan said that the meeting had been very productive and Dr. Wing was receptive to assisting with the Ambassador program. Ms. Sheridan noted that the CVB will speak at Dr. Wing's next meeting and will include testimonials from attendees at meetings in our State. Ms. Sheridan reported that she will meet with Laurie White of the Chamber of Commerce and solicit the assistance of the Chamber. Ms. Sheridan said that Mark Brodner of Rhode Island Tourism will also be working with the CVB. Ms. Sheridan said that the past month has been a bit of a roller coaster ride and noted that corporate travel has taken a hit. Ms. Sheridan reported that hits to the web site continue to grow. She announced a new advertising campaign "One Tank Meetings" directed towards meeting planners and visitors within a 300 mile radius. Mr. Duffy asked if the CVB works with AMTRAK. Ms. Sheridan responded that the CVB works with AMTRAK all the time and that they are great partners.

Mr. Muldoon reported that January will be a key month for the Convention Center. He stated that the staff is working with Gasbarro on a wine show. Mr. Muldoon noted that Mrs. Cohen has offered to assist with marketing the Providence Roller Derby. Mr. Muldoon said that some solid leads were generated at the IAEE meeting. Mr. Muldoon reported that the Dog Show will be here in December, 2009 and falls in a period that is normally slow. He said that he is looking to turn the Dog Show into an annual event. Mrs. Cohen distributed a re-cap of the Dunkin' Donuts Center's marketing initiative. Mr. Gavitt said that he continues to be impressed with the marketing partnership. He said that he takes his hat off to everyone involved. Mr. Duffy noted that it is a unique body that works.

Mr. Duffy asked Ms. Keough to address the Board. Ms. Keough noted that the complex has an identity problem. She said that no one knows who we are. Ms. Keough said that she would be working towards branding the complex with a new logo that has continuity and consistency. She also said that getting media attention for events and the great things that are happening at the VMA, Convention Center and the Dunk is important. Ms. Keough stated that the next step would be to revise the RFP for web design. She said that she hoped to advertise the RFP at the beginning of the New Year and have the responses in February. Mr. Buonanno said that it sounds like we are moving in the right direction. Mr. McCarvill noted Kim has a great background. He said that she will promote the facilities and get the public to realize that what we do has significant

value.

Mr. Duffy wished everyone a Merry Christmas. Mr. Duffy asked if there was any new business. Hearing none he asked for a motion to adjourn. Upon a motion duly made by Mr. Butler and seconded by Mr. Buonanno it was unanimously

VOTED: to adjourn at 10:40 M